

Remuneration Committee

The Remuneration Committee is chaired by Maria Bentley. The other members of the Committee are Mark Batten, Richard Jones and Lena Wilson.

Other attendees at Committee meetings during the year were Michael Morris and Andrew Dewhirst. Neither participated in discussions relating to their own remuneration.



Our remuneration packages are designed to attract and retain the right talent and to fairly reward delivery of strategic priorities and enhanced shareholder value.

Maria Bentley
Chair of the
Remuneration Committee





The remuneration arrangements provide alignment with shareholders through the use of financial metrics and corporate objectives.

Maria Bentley

Chair of the Remuneration Committee

Terms of reference

The principal functions of the Committee as set out in the terms of reference include the following matters:

- Review the ongoing appropriateness and relevance of the Directors' Remuneration Policy;
- Determine the remuneration of the Chair, Executive Directors and such members of the executive management as it is designated to consider;
- Review the design of all share incentive plans for approval by the Board; and
- Appoint and set the terms of reference for any remuneration consultants.



Visit our website [picton.co.uk](https://www.picton.co.uk)

Advisers

During the year, Deloitte LLP has provided independent advice in relation to market data, share valuations, share plan administration and content of the Remuneration Report. Total fees for the year were £18,780 (calculated on a time spent basis). Deloitte LLP is a founding member of the Remuneration Consultants Group and, as such, voluntarily operates under the code of conduct in relation to executive remuneration consulting in the UK. In addition, Deloitte also provided taxation services and advice to the Company during the year. The Committee has reviewed the nature of this additional advice and is satisfied that it does not compromise the independence of the advice that it has received.

Annual statement

Dear Shareholders

Introduction

On behalf of the Board, I am pleased to introduce the Remuneration Committee report for the year ended 31 March 2023.

This report comprises three sections:

- This annual statement;
- A Summary of the Directors' Remuneration Policy; and
- The Annual Report on Remuneration for the year ended 31 March 2023.

The Committee met five times during the year and set out below is a summary of its activity.

Implementation of the Remuneration Policy in 2023/24

Our objective is to provide straightforward remuneration packages for our Executive Directors, fair and reasonable for all stakeholders, which are designed so as to attract and retain the right talent and to fairly reward delivery of strategic priorities and enhanced shareholder value.

In 2021 we set out our new Remuneration Policy, including a three-year plan to transition the Executive Directors' remuneration packages to more fairly represent their responsibilities as Directors of a listed company. The new Policy was overwhelmingly approved by shareholders that year (97% in favour) and the first two years of the transition plan have been implemented. Ahead of the 2022 Annual General Meeting, we contacted major shareholders about the second stage of the transition plan and I am delighted that shareholders approved the resulting Remuneration Report for the year ended 31 March 2022 by a large majority (97% in favour).

The Committee has carefully considered whether the final stage of the transition plan should be implemented for 2023/24, taking into account the performance of the Company and of the Executive Directors over the past year.

The key performance highlights noted by the Committee included:

- The total property return was ahead of the MSCI UK Quarterly Property Index for the year, and our long-term record of outperformance has been maintained over one, three, five and ten years, and since inception;
- EPRA earnings rose by 0.5% compared to 2022/23, despite lower occupancy and higher costs;
- The portfolio ERV increased by 9% over the year;
- Net property income rose by 2.3% compared to the previous year;
- Good progress has been made against the net zero carbon pathway, including on-site renewable energy installation;
- Key climate-related risk management recommendations have been implemented;
- The proportion of the portfolio’s EPC ratings (A to C) has increased to 76% from 71% last year; and
- Scope 1 and 2 greenhouse gas emissions are 24% below the 2019 baseline.

In light of this performance assessment, the Committee is satisfied that it is appropriate for the final stage of the transition to proceed. Accordingly, the base salaries of the Chief Executive and Finance Director will be increased by 15% to £380,219 and £258,549 respectively from 1 April 2023 and their annual bonus opportunity for 2023/24 will be reduced to 145% of salary (2022/23: 155%).

Group performance and alignment

We have set out on pages 22 to 25, the Key Performance Indicators (KPIs) that we currently use to monitor the success of the business. In order to appropriately align executive remuneration with business performance we incorporate KPIs within our incentive schemes. For both 2022/23 and 2023/24, the KPIs that we are using to determine variable remuneration are set out in the table above.

The remaining 40% of the annual bonus is determined by corporate objectives.

Measure	Comparator	Annual bonus	Long-term Incentive Plan
Total return	Relative to comparator group	✓ (30% weighting)	
Total property return	Relative to MSCI UK Quarterly Property index	✓ (30% weighting)	✓ (33% weighting)
Total shareholder return	Relative to comparator group		✓ (33% weighting)
EPRA EPS	Absolute target range		✓ (33% weighting)

Annual bonus awards for 2022/23

The Executive Directors were set a number of challenging targets for this year, comprising a combination of financial measures and corporate and personal objectives.

The two financial measures were total return and total property return. The actual outcomes are set out in the Annual Remuneration Report, but the overall result was that the Directors earned an estimated 49% of the maximum award available under these financial measures.

The corporate objectives were set to ensure that specific key strategic targets were reached. These included targets relating to sustainability, including progress against the net zero carbon pathway, portfolio environmental measures and the implementation of climate-risk recommendations. The Committee considered the extent to which the Executive Directors had met the objectives, and concluded that good progress had been made against many, but the fall in occupancy and increased costs also had to be recognised. Overall the Committee considered that an outcome of 74% of the maximum award for each of the two Executive Directors were merited against the corporate objectives.

In aggregate, annual bonus awards for the two Executive Directors are 59% of the maximum award (2021/22: 64% of maximum).

The Committee considered the overall bonus awards against the reported financial results and determined that the proportion of the bonus deferred be increased to 60% from 50% for the Executive Directors, and therefore the cash element is reduced from 50% to 40%.

The Committee considered the formulaic bonus outcome in the context of the Group’s overall performance for the year. The key highlights of performance for the year are set out earlier in this Statement.

The Committee concluded that it was satisfied the formulaic bonus outcome was a fair reflection of overall Group performance during the past financial year.

Long-term Incentive Plan awards (performance period to 31 March 2023)

The LTIP provides the link between the long-term success of the Company and the remuneration of the whole team. The awards made under the Long-term Incentive Plan (LTIP) in June 2020 were based on three performance conditions measured over the three-year period ended on 31 March 2023. The Committee has assessed the extent to which these three performance conditions have been met.

The three equally weighted performance conditions were total shareholder return, total property return and growth in EPRA earnings per share. The actual outcomes for these conditions are set out in the Annual Remuneration Report and give rise to an overall award of 52.5% of the maximum granted. As explained above, the Committee concluded that it was satisfied the formulaic outcome was a fair reflection of overall Group performance over the performance period. As these awards were reduced by 30% at grant to avoid the potential for windfall gains on vesting, the Committee is satisfied that no further adjustments are required.

Employee remuneration and engagement

As in prior years, the Committee received an independent benchmarking report covering each of the roles, which detailed market trends. Having considered the report, the Committee determined that, for the team as a whole (excluding the Executive Directors), there would be an overall average rise of 9.4% in base salaries with effect from 1 April 2023. The average employee bonus (excluding the Executive Directors) fell by 5.9%, reflecting our continued outperformance but also the more difficult economic and property market conditions.

I have met informally with the team on a number of occasions this year, and we have also carried out our annual employee engagement survey. This is discussed in more detail elsewhere, but the results continue to demonstrate a high level of satisfaction among the team.

UK Corporate Governance Code

We have considered the provisions of the Code in respect of remuneration and believe that our approach remains compliant. In particular, we operate a consistent level of pension provision across our workforce; LTIP awards are only released to Executive Directors five years after award; and malus and clawback provisions apply to all incentive awards. We have provisions in the rules of our remuneration share plans that prevent, other than in exceptional circumstances, accelerated vesting of awards when an employee leaves Picton. We also have post-employment shareholding guidelines in place.

The remuneration arrangements provide alignment with shareholders through the use of financial metrics and corporate objectives. All members of the team participate in the annual bonus and LTIP, not just the Executive Directors. The Remuneration Policy and its components are clearly set out in this report and the rules of the variable remuneration schemes are available to the whole team. We use standard performance metrics, which are also key performance indicators for the business, to determine awards. There are clear target and maximum levels for each metric.

The Committee believes that the variable remuneration schemes in place are fair and proportionate and align the remuneration of the team with the Group's performance. We are also satisfied that the remuneration structure does not encourage inappropriate risk-taking. The Committee does retain discretion over formulaic outcomes if it considers that these are not a fair reflection of the Group's performance.

Implementation of Policy

Our remuneration structure will be in accordance with the Policy for the year to 31 March 2024.

The bonus deferral policy for Executive Directors will continue, with a minimum of 50% of any annual bonus award being deferred into Picton shares for a period of two years before vesting. The maximum annual bonus potential for 2023/24 will fall to 145% from 155% of base salary for the Executive Directors as outlined above. As in previous years the annual bonus will be determined 60% by financial metrics and 40% by corporate objectives. For 2023/24 we will continue to use two financial metrics, being total return, relative to a comparator group, and total property return, relative to the MSCI UK Quarterly Property Index.

The awards under the Long-term Incentive Plan have been reduced this year by 25% to reflect the lower share price and discount to net asset value, and to avoid any windfall gains arising on vesting. For the awards to be made in June 2023 for the three-year period to 31 March 2026 we will retain the three performance measures used previously, being:

- Total shareholder return, compared to a comparator group
- Total property return, compared to the MSCI UK Quarterly Property Index
- Growth in EPRA earnings per share

For the growth in EPRA earnings per share, we intend to use an absolute range of targets based on forecasts over the performance period.

The Committee is satisfied that the significant deferral element to the annual bonus combined with the Long-term Incentive Plan opportunity plus shareholding guidelines ensures that Executive Directors are aligned with and focused on delivering long-term growth.

Following a review of market trends, time commitment and role responsibilities, fee levels for the Chair and Non-Executive Directors have been increased by an average of 4.6% from 1 April 2023.

As a Committee, we are committed to ongoing dialogue with our shareholders and welcome any feedback regarding our remuneration practices either ahead of the Annual General Meeting or in the year ahead, as we undertake our regular triennial Remuneration Policy review. We look forward to receiving your continued support at the forthcoming Annual General Meeting.


Maria Bentley


Chair of the Remuneration Committee
24 May 2023


Remuneration at a glance

The components of remuneration for 2022/23 are:


Fixed pay

- 

Base salary
- 

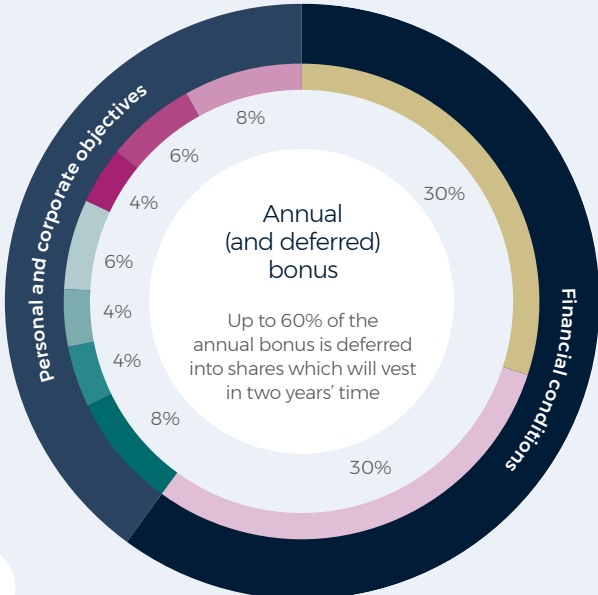
Benefits
- 

Pension contributions

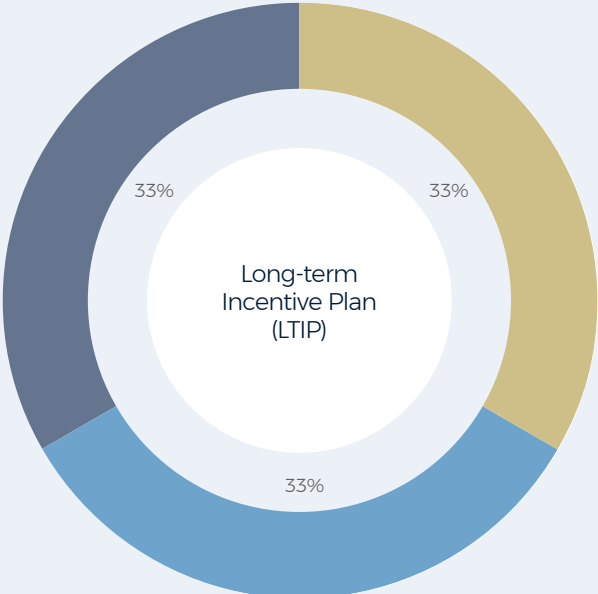
 Read more on pages **115-121**

Variable pay

The annual bonus for 2022/23 is determined by:



The LTIP is based on three financial metrics, each measured over three years:



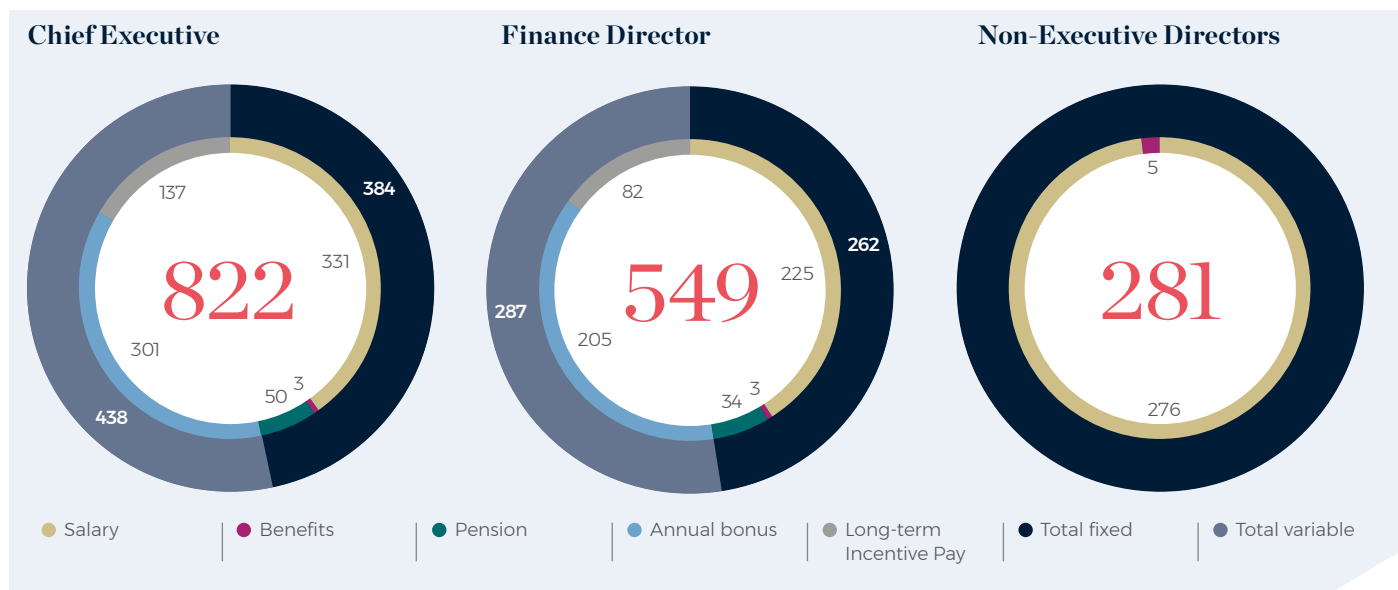
Personal and corporate objectives

- Improve income and occupancy
- Make progress against net zero carbon pathway
- Improve portfolio environmental factors
- Improve level of net property income and operational expenses
- Implementation of TCFD recommendations
- Positive stakeholder engagement
- Identify and evaluate growth opportunities

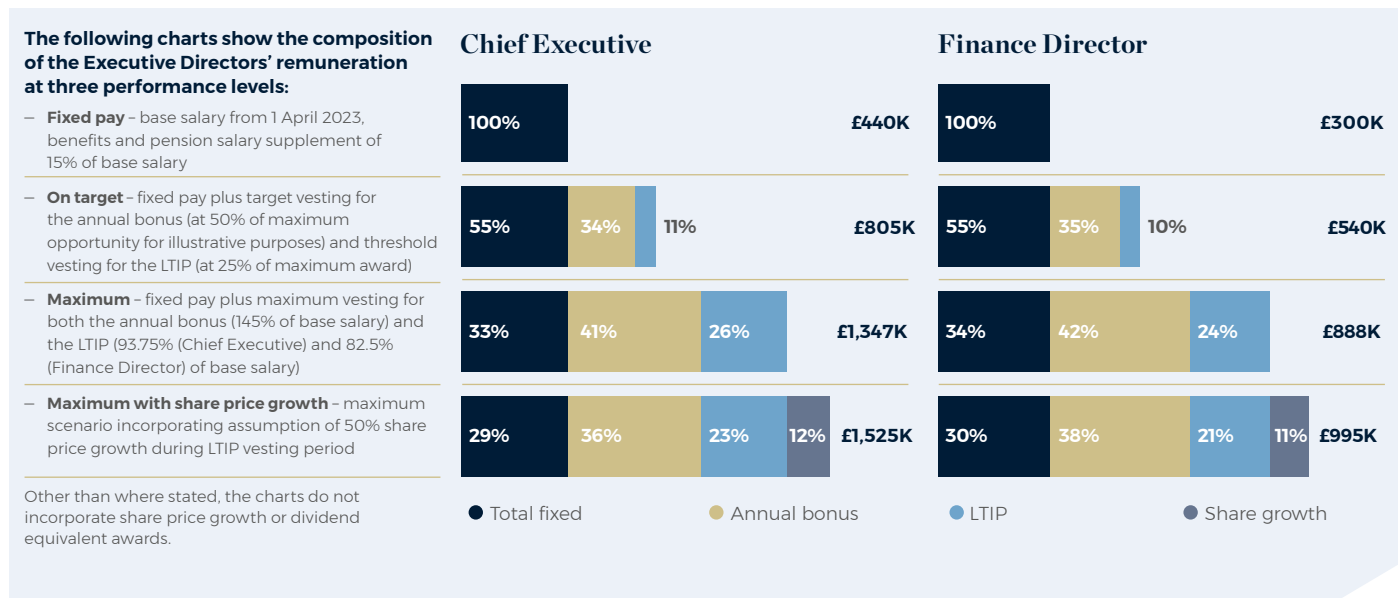
Financial conditions

- Total return
- Total property return
- Growth in EPRA earnings per share
- Total shareholder return

The single figure of remuneration for the Directors for the year 2022/23 (in £ thousands) is:



The potential remuneration of the Executive Directors for the year to 31 March 2024 is:



Summary of Directors' Remuneration Policy

Principles

The objective of the Group's Remuneration Policy is to have a simple and transparent remuneration structure aligned with the Group's strategy.

The Group aims to provide a remuneration package which will retain Directors who possess the skills and experience necessary to manage the Group and maximise shareholder value on a long-term basis. The Remuneration Policy aims to incentivise Directors by rewarding performance through enhanced shareholder value.

A summary of the Directors' Remuneration Policy approved by shareholders at the 2021 Annual General Meeting is set out below. The full Policy is contained in our 2021 Annual Report which is available on our website at www.picton.co.uk.

Executive Directors' Remuneration Policy Table

Base salary

Purpose	A base salary to attract and retain Executives of appropriate quality to deliver the Group's strategy.
Operation	Base salaries are normally reviewed annually with changes effective on 1 April. When setting base salaries the Committee will consider relevant market data, as well as the scope of the role and the individual's skills and experience.
Maximum	No absolute maximum has been set for Executive Director base salaries. Any annual increase in salaries is set at the discretion of the Remuneration Committee taking into account the factors stated in this table and the following principles: <ul style="list-style-type: none"> - Salaries would typically be increased at a rate consistent with the average employee salary increase. - Larger increases may be considered appropriate in certain circumstances (including, but not limited to, a change in an individual's responsibilities or in the scale of their role or in the size and complexity of the Group). - Larger increases may also be considered appropriate if a Director has been initially appointed to the Board at a lower than typical salary.
Performance measures	None
Clawback	None
Pension	
Purpose	Part of competitive remuneration package.
Operation	The Company has established defined contribution pension arrangements for all employees. For Executive Directors the Company pays a monthly salary supplement in lieu of Company pension contributions.
Maximum	A consistent rate of pension provision (15% of base salary) applies to all employees including Executive Directors.
Performance measures	None
Clawback	None

Benefits

Purpose	Part of a competitive remuneration package.
Operation	This principally comprises: <ul style="list-style-type: none"> - Private medical insurance - Life assurance - Permanent health insurance <p>The Committee may agree to provide other benefits as it considers appropriate.</p>
Maximum	Benefits are provided at market rates.
Performance measures	None
Clawback	None

Annual bonus

Purpose	A short-term incentive to reward Executive Directors on meeting the Company's annual financial and strategic targets and on their personal performance.
Operation	The Committee may determine that up to 50% of the annual bonus will be paid in the Company's shares and deferred for two years. Dividend equivalents will be paid at the end of the deferral period (in the form of shares or cash).
Maximum	The maximum bonus permitted under the Policy will be 175% of base salary. The level of bonus opportunity within this maximum will be determined by the Committee each year. In 2023/24, the maximum opportunity will be limited to 145% of base salary.
Performance measures	The annual bonus is based on a range of financial, strategic, ESG, operational and individual targets (measured over a period of up to one year) set by the Committee. The weightings will also be determined annually to ensure alignment with the Company's strategic priorities although at least 50% of the award will be assessed on corporate financial measures. For corporate financial measures, 50% of the maximum bonus opportunity will be payable for on-target performance and, if applicable, up to 25% for threshold performance.
Clawback	Malus and clawback provisions may be applied in the event (within two years of bonus determination/grant of the deferred bonus shares) of a material misstatement of the audited financial results, an error in assessing a performance condition applicable to the award or in the information or assumptions on which the award was granted or is released, a material failure of risk management, material misconduct on the part of the award holder or a corporate failure.

Long-term Incentive Plan

Purpose	A long-term incentive plan to align Executive Directors' interests with those of shareholders and to promote the long-term success of the Company.
Operation	Awards are granted annually usually in the form of a conditional share award or nil cost option. Awards will normally vest at the end of a three-year period subject to meeting the performance conditions and continuing employment. The Remuneration Committee may award dividend equivalents (in the form of shares or cash) on awards that vest. The Committee will usually apply a holding period of a further two years to awards that vest.
Maximum	Annual awards with a maximum value of up to 150% of base salary may be made.
Performance measures	Vesting will be subject to performance conditions, aligned to the corporate strategy, as determined by the Committee on an annual basis. There will be three performance conditions, each measured over a three-year performance period. Each condition will be equally weighted, but the Committee has the flexibility to vary this for each award. For threshold levels of performance up to 25% of the award vests, rising usually on a straight-line basis to 100% for maximum performance.
Clawback	Malus and clawback provisions may be applied in the event (within five years of grant) of a material misstatement of the audited financial results, an error in assessing a performance condition applicable to the award or in the information or assumptions on which the award was granted or is released, a material failure of risk management, material misconduct on the part of the award holder or a corporate failure.

Remuneration Report/Continued

Shareholding guidelines

Purpose	To align Executive Directors with the interests of shareholders.
Operation	Whilst in employment, Executive Directors are expected to build up and thereafter maintain a minimum shareholding equivalent to 200% of base salary. The Committee will review progress towards the guideline on an annual basis and has the discretion to adjust the guideline in what it feels are appropriate circumstances. Executive Directors will also be expected to remain compliant with the above guideline for a period of two years post-employment.
Maximum	Not applicable
Performance measures	Not applicable
Clawback	Not applicable

Non-Executive Directors' Policy Table

Fees

Purpose	To provide competitive Director fees.
Operation	Annual fee for the Chair, and annual base fees for other Non-Executive Directors. Additional fees for those Directors with additional responsibilities such as chairing a Board Committee. All fees will be payable monthly in arrears in cash. Fees will usually be reviewed independently every three years. The independent Non-Executive Directors are not eligible to receive share options or other performance-related elements or receive any other benefits other than where travel to the Company's registered office is recognised as a taxable benefit in which case a Non-Executive Director may receive the grossed-up costs of travel as a benefit. Non-Executive Directors are entitled to reimbursement of reasonable expenses.
Maximum	The Company's Articles set an annual limit for the total of Non-Executive Directors' remuneration of £300,000.
Performance measures	None
Clawback	None

Notes to table:

1. The Committee may amend or substitute any performance condition(s) if one or more events occur which cause it to determine that an amended or substituted performance condition would be more appropriate, provided that any such amended or substituted performance condition would not be materially less difficult to satisfy than the original condition (in its opinion). The Committee may adjust the calculation of performance targets and vesting outcomes (for instance for material acquisitions, disposals or investments and events not foreseen at the time the targets were set) to ensure they remain a fair reflection of performance over the relevant period. The Committee also retains discretion to make downward or upward adjustments resulting from the application of the performance measures if it considers that an adjustment is appropriate (for example, if the outcomes are not deemed by the Committee to be a fair and accurate reflection of business performance). In the event that the Committee was to make an adjustment of this sort, a full explanation would be provided in the next Remuneration Report.
2. Performance measures – annual bonus. The annual bonus measures are reviewed annually and chosen to focus executive rewards on delivery of key financial targets for the forthcoming year as well as key strategic or operational goals relevant to an individual. Specific targets for bonus measures are set at the start of each year by the Remuneration Committee based on a range of relevant reference points, including for Group financial targets, the Company's business plan and are designed to be appropriately stretching.
3. The Committee may amend the terms of awards granted under the share schemes referred to above in accordance with the rules of the relevant plans.
4. Performance measures – LTIP. The LTIP performance measures will be chosen to provide alignment with our longer-term strategy of growing the business in a sustainable manner that will be in the best interests of shareholders and other key stakeholders in the Company. Targets are considered ahead of each grant of LTIP awards by the Remuneration Committee taking into account relevant external and internal reference points and are designed to be appropriately stretching.
5. The Committee reserves the right to make any remuneration payments and/or payments for loss of office (including exercising any discretions available to it in connection with such payments) notwithstanding that they are not in line with the Policy set out above where the terms of the payment were agreed (i) before the Policy set out above came into effect, provided that the terms of the payment were consistent with the shareholder-approved Remuneration Policy in force at the time they were agreed; or (ii) at a time when the relevant individual was not a Director of the Company and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a Director of the Company. For these purposes 'payments' includes the Committee satisfying awards of variable remuneration and, in relation to an award over shares, the terms of the payment are 'agreed' at the time the award is granted.
6. The Committee may make minor amendments to the Remuneration Policy for regulatory, exchange control, tax or administrative purposes or to take account of a change in legislation, without obtaining shareholder approval for that amendment.

Policy for other employees

Remuneration for other employees broadly follows the same principles as for Executive Directors. A significant element of remuneration is linked to performance measures. All employees usually participate in the Long-term Incentive Plan and in the annual bonus. The weighting of individual and corporate measures is dependent on an individual's role.

The Committee does not formally consult with employees when determining Executive Director pay. However, the Committee is kept informed of general management decisions made in relation to employee pay and is conscious of the importance of ensuring that its pay decisions for Executive Directors are regarded as fair and reasonable within the business.

Annual Report on Remuneration

The table below sets out the total remuneration receivable by each of the Directors who held office during the year to 31 March 2023, with a comparison to the previous financial year:

		Salary/ fees £000	Benefits £000	Pension salary supplement £000	Total fixed £000	Annual bonus £000	Deferred bonus £000	Long-term Incentive Plan £000	Total variable £000	Total £000
Executive										
Michael Morris	2023	331	3	50	384	120	181	137	438	822
	2022	288	2	43	333	151	151	181	483	816
Andrew Dewhirst	2023	225	3	34	262	82	123	82	287	549
	2022	196	2	29	227	103	102	118	323	550
Non-Executive										
Lena Wilson	2023	117	5	-	122	-	-	-	-	122
	2022	117	3	-	120	-	-	-	-	120
Mark Batten	2023	53	-	-	53	-	-	-	-	53
	2022	53	-	-	53	-	-	-	-	53
Maria Bentley	2023	53	-	-	53	-	-	-	-	53
	2022	53	-	-	53	-	-	-	-	53
Richard Jones	2023	53	-	-	53	-	-	-	-	53
	2022	53	-	-	53	-	-	-	-	53
Total (audited)	2023	832	11	84	927	202	304	219	725	1,652
	2022	760	7	72	839	254	253	299	806	1,645

Benefits for the Executive Directors comprise private medical insurance and life assurance. Non-Executive Directors are reimbursed expenses incurred in connection with travel and attendance at Board meetings. These expenses are taxable where the meetings take place at the Company's main office. The Company settles the tax on behalf of the Non-Executive Directors.

Executive Directors receive a salary supplement of 15% of base salary in lieu of company pension contributions.

The above 2022 LTIP figures for the Executive Directors have been restated to reflect the actual share price at vesting (92.3 pence) rather than the average for the quarter ended 31 March 2022 (100.1 pence). This restatement represents a decrease in the value of the 2022 LTIP awards of £14,000 for Michael Morris and of £9,000 for Andrew Dewhirst.

The value of LTIP awards for 2023 is based on the number of shares to be awarded to the Executive Directors in respect of the June 2020 LTIP awards and the average share price over the quarter ended 31 March 2023 of 74.41 pence, and the estimated value of dividend equivalents.

Annual bonus for 2022/23

The annual bonus for the year ended 31 March 2023 for the Executive Directors was based on a combination of financial metrics (60%) and corporate objectives (40%).

The targets set for the year ended 31 March 2023 and the assessment of actual performance achieved are set out in the table below.

The financial metrics comprised two equally weighted components: total return relative to a comparator group of similar companies, set out later in this report; and total property return compared to the MSCI UK Quarterly Property Index.

At the date of this report not all of the companies in the total return comparator group had announced their results to 31 March 2023 and the Committee has estimated, based on the results to date, that this condition will not be met, resulting in an award of 0%. The Committee will determine the actual outcome of this condition once all companies have reported, and any adjustment required between the estimate and actual will be made in next year's Remuneration Report. There will be no payout of the bonus until a finalised result can be confirmed.

Performance condition	Basis of calculation	Range	Actual	Awarded (% of maximum)	Awarded (% of salary)
Total return versus comparator group Bonus weighting: 30%	Less than median – 0% Equal to median – 50% Equal to upper quartile – 100%	Not yet available	(13.9)%	0% (estimate)	0% (estimate)
Total property return versus MSCI Index Bonus weighting: 30%	Less than median – 0% Equal to median – 50% Equal to upper quartile – 100%	Median (12.9)% Upper quartile (8.5)%	(8.7)%	98.0%	45.6%

The corporate objectives for the Executive Directors for the year to 31 March 2023 were determined by the Remuneration Committee and accounted for 40% of the maximum award.

The corporate objectives applying to both Executives, and the assessment of performance against these, are as follows:

Performance condition	Assessment	Awarded (% of maximum)	Awarded (% of salary)
Improve occupancy and income profile Bonus weighting: 8%	The Committee considered that income metrics, including passing rent, estimated rental value and net property income under IFRS, had all improved over the year. However occupancy has decreased from 93% to 91% and therefore assessed this objective as 50% met.	50%	6.2%
Make progress against net zero carbon pathway Bonus weighting: 4%	The published net zero carbon pathway set out a number of short-term objectives. The Committee assessed the progress made against these objectives and this is set out in the Being Responsible section on page 64.	90%	5.6%
Improve portfolio environmental factors Bonus weighting: 4%	The Committee assessed performance against a series of key environmental metrics, including EPCs, GHG emissions and intensity, and green lease clauses, as well as other environmental initiatives that had been implemented during the year. The Committee noted that all key metrics had shown improvement over the year.	85%	5.3%
Improve level of net property income and operational expenses Bonus weighting: 6%	EPRA earnings have remained stable at 3.9 pence per share, and the reported cost ratio is still at 1.0%. However both EPRA cost ratios have increased this year.	40%	3.7%
Implementation of TCFD recommendations Bonus weighting: 4%	The progress made against TCFD recommendations is set out in detail in the TCFD Statement on pages 47 to 55.	85%	5.3%
Positive stakeholder engagement Bonus weighting: 6%	Occupier surveys were carried out in the year, with 80% of respondents satisfied with the level of service provided. Supportive shareholder feedback has been received via the Company's brokers. Employee satisfaction remains high at 82%.	90%	8.4%
Identify and evaluate growth opportunities Bonus weighting: 8%	A key objective for the Executive Directors was to identify growth opportunities. In addition to asset acquisitions a number of key corporate opportunities were considered and progressed during the year.	90%	11.2%

As discussed in the Committee Chair's statement on pages 106 to 109, the Committee considered the formulaic bonus outcome in the context of the Group's overall performance for the year and concluded that it was satisfied that the formulaic bonus outcome was a fair reflection of overall Group performance during the year. The Committee was also satisfied that the above performance was achieved within an acceptable risk profile.

Subject to the estimated total return component noted above, the overall annual bonus outcome for the Executive Directors is, therefore, as follows:

	Financial metrics (out of maximum 60%)	Corporate objectives (out of maximum 40%)	Overall bonus % of maximum	Bonus % of salary	Total bonus £
Michael Morris	29.4	29.4	58.8	91.1	301,300
Andrew Dewhurst	29.4	29.4	58.8	91.1	204,800

This year the Committee has determined that the proportion of the bonus deferred be increased to 60% of the annual bonuses awarded to the Executive Directors and payable in shares in two years' time. Dividend equivalents will accrue on the shares and these will be paid in cash when the awards vest.

Long-term Incentive Plan

The LTIP awards granted on 29 June 2020 were subject to performance conditions for the three years ended 31 March 2023. The performance conditions and the actual performance for these were as follows:

Performance condition	Basis of calculation	Range	Actual	Weighting (% of award)	Awarded (% of maximum)
Total shareholder return versus comparator group	Less than median - 0% Equal to median - 25% Equal to upper quartile - 100%	Median - 9.4% Upper quartile - 22.0%	4.6%	33.3%	0%
Total property return versus MSCI Index	Less than median - 0% Equal to median - 25% Equal to upper quartile - 100%	Median - 2.5% Upper quartile - 4.3%	6.8% (above upper quartile)	33.3%	100%
Growth in EPRA EPS	Less than 3.75 pence per share for the year ended 31 March 2023 - 0% Equal to 3.75 pence per share for the year ended 31 March 2023 - 25% Equal or greater than 4.1 pence per share for the year ended 31 March 2023 - 100%		3.90p	33.3%	57.7%

The Committee was satisfied that the above performance was achieved within an acceptable risk profile. As discussed in the Committee Chair's statement on pages 106 to 109, the Committee considered the formulaic LTIP outcome in the context of the Group's overall performance over the performance period and concluded that it was satisfied the formulaic outcome was a fair reflection of overall Group performance during the period. Based on the vesting percentage above, the shares awarded and their estimated values, using an average share price of 74.41 pence for the quarter ended 31 March 2023, are:

Director	Maximum number of shares at grant	Number of shares vesting	Number of lapsed shares	Estimated value ^{1,2} £
Michael Morris	309,275	162,524	146,751	136,980
Andrew Dewhurst	185,070	97,254	87,816	81,970

1. The estimated value includes dividend equivalent awards which will be made in relation to vested LTIP awards at the point of vesting. The value of the dividend equivalent awards is £16,050 (Michael Morris) and £9,600 (Andrew Dewhurst).

2. £5,980 (Michael Morris) and £3,580 (Andrew Dewhurst) of this value relates to share price growth since the date of grant.

The following awards in the Long-term Incentive Plan were granted to the Executive Directors on 17 June 2022:

	Number of shares	Basis (% of salary)	Face value per share (£)	Award face value (£)	Performance period	Threshold vesting
Michael Morris	437,473	125%	0.9447	413,281	1 April 2022 to 31 March 2025	25%
Andrew Dewhurst	261,784	110%	0.9447	247,308	1 April 2022 to 31 March 2025	25%

Remuneration Report/Continued

The face value is based on a weighted average price per share, being the average of the closing share prices over the three business days immediately preceding the award date. Awards will vest after three years subject to continued service and the achievement of three equally weighted performance conditions (relative total shareholder return, relative total property return and EPRA EPS). The vesting schedule for the relative measures will be as applied to the June 2020 LTIP set out above. The EPS element will vest at 25% for achievement of EPRA EPS of 4.15 pence in the year ended 31 March 2025 increasing on a straight line basis to 100% vesting for EPRA EPS of 4.50 pence.

Any LTIP vesting will also be subject to the Remuneration Committee confirming that, in its assessment, the vesting outturn was achieved within an acceptable risk profile.

The Executive Directors have the following outstanding share awards under the Long-term Incentive Plan and Deferred Bonus Plan:

	Date of grant	Performance period	Market value on date of grant	At 1 April 2022	Granted in year	Exercised in year	Lapsed in year	As at 31 March 2023
Michael Morris								
2019 LTIP	19 June 2019	1 April 2019 to 31 March 2022	95.23p	328,153	-	(177,760)	(150,393)	-
2020 LTIP	29 June 2020	1 April 2020 to 31 March 2023	70.73p	309,275	-	-	-	309,275
2021 LTIP	22 June 2021	1 April 2021 to 31 March 2024	89.10p	403,339	-	-	-	403,339
2022 LTIP	17 June 2022	1 April 2022 to 31 March 2025	94.47p	-	437,473	-	-	437,473
2020 DBP	29 June 2020	1 April 2019 to 31 March 2020	70.73p	215,333	-	(215,333)	-	-
2021 DBP	22 June 2021	1 April 2020 to 31 March 2021	89.10p	186,666	-	-	-	186,666
2022 DBP	17 June 2022	1 April 2021 to 31 March 2022	94.47p	-	159,555	-	-	159,555
				1,442,766	597,028	(393,093)	(150,393)	1,496,308
Andrew Dewhirst								
2019 LTIP	19 June 2019	1 April 2019 to 31 March 2022	95.23p	214,218	-	(116,041)	(98,177)	-
2020 LTIP	29 June 2020	1 April 2020 to 31 March 2023	70.73p	185,070	-	-	-	185,070
2021 LTIP	22 June 2021	1 April 2021 to 31 March 2024	89.10p	241,358	-	-	-	241,358
2022 LTIP	17 June 2022	1 April 2022 to 31 March 2025	94.47p	-	261,784	-	-	261,784
2020 DBP	29 June 2020	1 April 2019 to 31 March 2020	70.73p	154,312	-	(154,312)	-	-
2021 DBP	22 June 2021	1 April 2020 to 31 March 2021	89.10p	126,933	-	-	-	126,933
2022 DBP	17 June 2022	1 April 2021 to 31 March 2022	94.47p	-	108,498	-	-	108,498
				921,891	370,282	(270,353)	(98,177)	923,643

Awards under the Long-term Incentive Plan normally vest three years after the grant date and are subject to a further two-year holding period. Awards under the Deferred Bonus Plan normally vest two years after the grant date.

Comparator group

The Committee has agreed that the following companies will be used as a comparator group for the total shareholder return and total return metrics in determining variable remuneration for 2023/24 awards. A smaller group is used for the total return metric due to the different reporting periods of some companies.

Company	Total shareholder return	Total return
abrdn Property Income Trust Limited	✓	✓
AEW UK REIT plc	✓	✓
Balanced Commercial Property Trust Limited	✓	✓
CT Property Trust Limited	✓	✓
Custodian REIT plc	✓	✓
Ediston Property Investment Company PLC	✓	✓
NewRiver REIT PLC	✓	✓
Regional REIT Limited	✓	✓
Schroder Real Estate Investment Trust Limited	✓	✓
Supermarket Income REIT PLC	✓	✓
UK Commercial Property REIT Limited	✓	✓
Urban Logistics REIT plc	✓	✓
Warehouse REIT plc	✓	✓
Workspace Group PLC	✓	✓

The above group was also used for previous awards with the following amendments:

- Supermarket Income REIT and Warehouse REIT were added to the group for awards made from 2019 onwards;
- McKay Securities PLC was included in the group for awards made up to and including 2021;
- Hansteen Holdings plc and Mucklow (A.&J.) PLC were additionally included in the group for awards made up to and including 2019; and
- LondonMetric Property PLC and RDI REIT plc were additionally included in the group for awards made up to and including 2020.

Statement of Directors' shareholdings

Directors and employees are encouraged to maintain a shareholding in the Company's shares to provide alignment with investors.

The numbers of shares beneficially held by each Director (including connected persons) as at 31 March 2023, were as follows:

	Beneficial holding 2023	Beneficial holding 2022	Holding as a % of salary	Outstanding LTIP awards	Outstanding DBP awards
Michael Morris	740,717	537,673	155	1,150,087	346,221
Andrew Dewhirst	471,758	332,113	145	688,212	235,431
Lena Wilson	30,000	30,000			
Mark Batten	-	-			
Maria Bentley	74,436	74,436			
Richard Jones	53,845	53,845			

The percentage holding for the Executive Directors is based on base salaries as at 31 March 2023 and a share price of £0.693. The beneficial holdings of shares include any held by connected persons.

Executive Directors are required to maintain a shareholding of 200% of base salary and both Directors are currently in the process of building up to that level. The Executive Directors intend to retain at least 50% of any share awards (post-tax) until the guidelines are met.

There have been no changes in these shareholdings between the year-end and the date of this report.

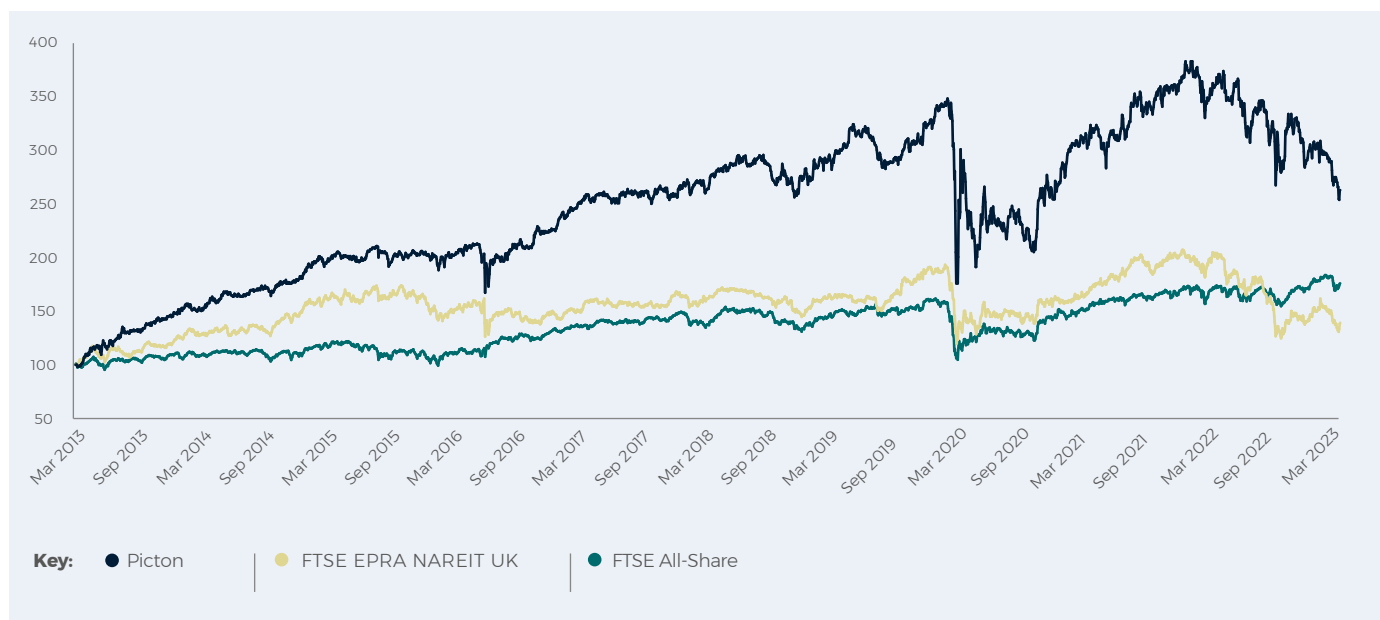
Payments to past Directors or payments for loss of office

There were no payments to past Directors or payments for loss of office to Directors during the year ended 31 March 2023.

Historical total shareholder return performance

The graph below shows the Company's total shareholder return (TSR) since 31 March 2013 as represented by share price growth with dividends reinvested, against the FTSE All-Share Index and the FTSE EPRA NAREIT UK Index. These indices have been chosen as they provide comparison against relevant sectoral and pan-sectoral benchmarks.

TSR chart



The table below shows the remuneration of the Chief Executive for the past five years, together with the annual bonus percentage and LTIP vesting level. The Company has only had a Chief Executive since 1 October 2018 and therefore the table below shows his remuneration for the past five years.

	Total remuneration (£000)	Annual bonus (% of maximum)	LTIP vesting (% of maximum award)
2023	822	59%	52%
2022	816	64%	54%
2021	836	76%	67%
2020	769	70%	67%
2019	920	79%	83%

Relative importance of spend on pay

The table below shows the expenditure and percentage change in staff costs compared to other key financial indicators.

	31 March 2023 £000	31 March 2022 £000	% change
Employee costs	3,487	3,415	2.1%
Dividends	19,091	18,425	3.6%
EPRA earnings	21,285	21,188	0.5%

Implementation of Remuneration Policy in 2023/24

Change from prior year

Executive Directors

Base salaries	Michael Morris (Chief Executive) – £380,219 Andrew Dewhirst (Finance Director) – £258,549	As outlined in the 2021 Remuneration Report base salaries for the Executive Directors are being transitioned over a three-year period – 2023/24 will be the final year of that transition. The average increase for the rest of the workforce is 9.4%.
Pension and benefits	15% salary supplement in lieu of pension plus standard other benefits	No change. All employees receive company pension contributions at the rate of 15% of base salary or 15% salary supplement in lieu of company contributions.
Annual bonus*	Maximum bonus of 145% of salary with 50% of any bonus deferred in shares for two years 60% of bonus to be determined by corporate financial metrics of relative total return and relative total property return (using the same performance target ranges as in 2022/23) with the remaining 40% determined by corporate and personal measures	As outlined in the 2021 Remuneration Report the maximum bonus potential for Executive Directors will decrease from 155% of salary to 145% of salary this year.
LTIP*	Award of shares worth: – Michael Morris (Chief Executive) 93.75% of salary – Andrew Dewhirst (Finance Director) 82.5% of salary Shares released after three-year performance and two-year holding period. Vesting of shares based equally on relative total shareholder return, relative total property return and growth in EPRA earnings per share measures. Target ranges for the relative measures are as set out on page 117. Targets for the EPS measure for the year ended 31 March 2026 are: Less than 4.20 pence per share – 0% Equal to 4.20 pence per share – 25% Greater than 4.55 pence per share – 100% A result between 4.20 pence and 4.55 pence will be calculated on a straight-line basis between 25% and 100%	Awards to the Executive Directors have been reduced by 25% this year to avoid the potential for windfall gains on vesting.

Non-Executive Directors

Fees	Chair – £122,000 Director – £47,000 Supplementary fee for Committee Chairs – £8,000	The fees payable from 1 April 2023 have increased by an average of 4.6%.
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* The Remuneration Committee has discretion to override the formulaic outcomes in both the annual bonus and LTIP.

The Committee also confirms that performance has been achieved within an acceptable risk profile before payouts are made. Incentive payouts are subject to malus and clawback provisions.

Remuneration Report/Continued

Percentage change in remuneration

The table below shows the percentage change in total remuneration for each of the Directors compared to the average remuneration of the employees of the Group.

	Change from 31/3/22 to 31/3/23			Change from 31/3/21 to 31/3/22			Change from 31/3/20 to 31/3/21		
	Salary/fees	Benefits	Bonus	Salary/fees	Benefits	Bonus	Salary/fees	Benefits	Bonus
Michael Morris	15.0%	16.0%	(0.1)%	15.0%	15.8%	(9.4)%	0.0%	0.6%	14.4%
Andrew Dewhirst	15.0%	16.4%	(0.1)%	15.0%	16.1%	(9.4)%	0.0%	0.8%	8.6%
Lena Wilson	0.0%	-	-	11.2%	-	-	n/a	n/a	n/a
Mark Batten	0.0%	-	-	10.5%	-	-	0.0%	-	-
Maria Bentley	0.0%	-	-	16.7%	-	-	0.0%	-	-
Richard Jones	0.0%	-	-	16.7%	-	-	n/a	n/a	n/a
Average of all other employees	8.8%	21.1%	(5.9)%	6.4%	15.0%	13.2%	4.6%	8.1%	15.4%

Statement of voting at the last Annual General Meeting

The following table sets out the voting for the Remuneration Report, which was approved by shareholders at the Annual General Meeting held on 1 September 2022, representing 62% of the issued share capital of the Company, and also for the Remuneration Policy, which was approved by shareholders at the Annual General Meeting held on 17 November 2021, representing 63% of the issued share capital of the Company.

	Remuneration Report		Remuneration Policy	
	Votes cast	%	Votes cast	%
For	336,412,718	97.0	333,280,593	96.5
Against	10,453,842	3.0	12,044,009	3.5
Votes cast	346,866,560	100.0	345,324,602	100.0
Withheld	3,089,785		304,835	

Maria Bentley

Chair of the Remuneration Committee

24 May 2023